

**WEST SIOUX
COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITORS' REPORT
JUNE 30, 2008**

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2008
TABLE OF CONTENTS**

Board Members and Officials	Page 1
-----------------------------	------------------

FINANCIAL SECTION

Independent Auditors' Report	2 - 3
Management Discussion and Analysis	4 - 11

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements:	
Statement of Net Assets	12
Statement of Activities	13 - 14
Governmental Fund Financial Statements:	
Balance Sheet	15
Reconciliation of the Balance Sheet to the Statement of Net Assets	16
Statement of Revenues, Expenditures, and Changes in Fund Balances	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Proprietary Fund Financial Statements:	
Statement of Net Assets	19
Statement of Revenues, Expenses and Changes in Net Assets	20
Statement of Cash Flows	21
Notes to Financial Statements	22 - 32

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses, and Changes in Balances – Budget and Actual – All Governmental Funds and Proprietary Fund	33
Notes to Required Supplementary Information-Budgetary Reporting	34

OTHER SUPPLEMENTARY INFORMATION

	Schedule	
Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund	1	35 - 38
Combining Balance Sheet – Governmental Nonmajor Funds	2	39
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Nonmajor Funds	3	40
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	4	41 - 42
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5	43
Schedule of Findings	6	44 - 46
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government</i> <i>Auditing Standards</i>		47 - 48

WEST SIOUX COMMUNITY SCHOOL DISTRICT

LIST OF PRINCIPAL OFFICIALS

Board of Education (Before September 2007 Election)

		Term Expires
Armando Ortiz	President	2007
Tim McKenney	Vice President	2008
Doug Smit	Board Member	2009
Curt Anderson	Board Member	2009
Teresa Vande Pol	Board Member	2008

Board of Education (After September 2007 Election)

Armando Ortiz	President	2009
Doug Smit	Vice President	2009
Tim McKenney	Board Member	2008
Curt Anderson	Board Member	2009
Teresa Vande Pol	Board Member	2008

School Officials

Paul Olson	Superintendent	2008
Paula Bartunek	Treasurer and Business Manager	2008
Karin Borchers	District Secretary	2008
James Pickner	Attorney	2008



21 1st Avenue NW
P.O. Box 1010
Le Mars, IA 51031
Phone (712) 546-7801
Fax (712) 546-6543

INDEPENDENT AUDITORS' REPORT

To the Board of Education of
West Sioux Community School District

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the West Sioux Community School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the West Sioux Community School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of West Sioux Community School District as of June 30, 2008 and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2009, on our consideration of the West Sioux Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Sioux Community School District's basic financial statements. The financial statements for the two years ended June 30, 2006, (none of which are presented herein) were audited by other auditors in accordance with the standards referred to in the second paragraph of this report and they expressed unqualified opinions on them. The financial statements for the year ended June 30, 2007 (not presented) were audited by us in accordance with the standards referred to in the second paragraph of this report and expressed unqualified opinions. The other supplementary information, included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Williams & Company, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Le Mars, Iowa
May 7, 2009

Management Discussion and Analysis

West Sioux Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2008 Financial Highlights

- General Fund revenues increased from \$6,270,454 in fiscal year 2007 to \$6,521,251 in fiscal year 2008, while General Fund expenditures increased from \$6,679,577 in fiscal year 2007 to \$7,203,960 in fiscal 2008. The District's General Fund balance decreased from \$159,908 in fiscal 2007 to \$(522,801) in fiscal year 2008, a 427% decrease.
- The increase in General Fund revenues was attributable to an increase in state and federal revenue in fiscal 2008. The increase in expenditures was due primarily to an increase in salaries and benefits. The General Fund balance will be carefully monitored during the year keeping in mind the fluctuation in revenues caused by legislative action and student enrollments.

Using this Annual Report

The annual report consists of a series of financial statements and other information, as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of West Sioux Community School District as a whole and present an overall view of the District's finances.
- The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report West Sioux Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which West Sioux Community School District acts solely as an agent or custodian for the benefit of those outside of the District.
- Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.
- Other Supplementary Information provides detailed information about the nonmajor Special Revenue Funds.

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1

West Sioux Community School District Annual Financial Report

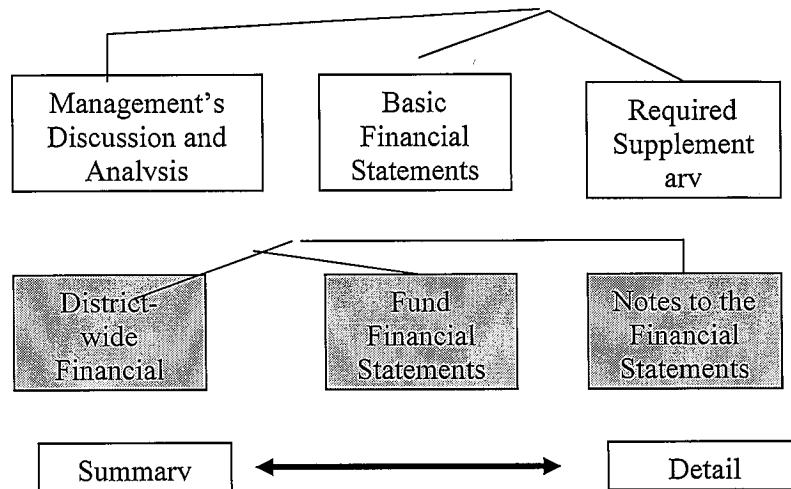


Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2: Major Features of the District Wide and Fund Financial Statements			
	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services is included here
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenditures, and changes in fund net assets • Statement of cash flows
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating. To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school building and other facilities, need to be considered.

The government-wide financial statements include not only the West Sioux Community School District itself (the primary government), but also the legally separate West Sioux Educational Foundation (component unit), for which the District has some degree of financial accountability. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help cover the costs of certain services it provides. The District's food service program and Before and After School program would be included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the district as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to repay its long-term debts, or to show that it is properly using certain revenues, such as federal grants.

The District has two kinds of funds:

1. *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balance

2. *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and Before and After School Fund.

The required financial statements for governmental funds include a statement of net assets, a statement of revenues, expenditures and changes in fund net assets and a statement of cash flows.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

Government-wide Financial Analysis

Figure A-3 below provides a summary of the District's net assets at June 30, 2008 compared to June 30, 2007.

Figure A-3 Condensed Statement of Net Assets (Expressed in Thousands)

	Governmental Activities		Business-type Activity		Total District		Total % Change
	June 30		June 30		June 30		June 30
	2007	2008	2007	2008	2007	2008	2007/2008
Current and other assets	\$ 5,610	\$ 5,796	\$ (101)	\$ (95)	\$ 5,560	\$ 5,695	2.4%
Capital Assets	5,878	5,685	71	66	5,953	5,756	-3.3%
Total Assets	11,488	11,481	(30)	(29)	11,513	11,451	-0.5%
Current Liabilities	3,035	3,318	10	7	3,045	3,325	9.2%
Long-Term Liabilities	6,190	6,264	-	-	6,190	6,264	1.2%
Total Liabilities	9,225	9,582	10	7	9,235	9,589	3.8%
Net Assets Invested in capital assets, net of related debt	1,327	1,539	75	66	1,402	1,605	14.5%
Restricted	348	445	-	-	348	445	27.9%
Unrestricted	588	(85)	(60)	(103)	528	(188)	-135.6%
Total Net Assets	\$ 2,263	\$ 1,899	\$ 15	\$ (37)	\$ 2,278	\$ 1,862	-18.3%

The District's combined net assets decreased by nearly 18.3% or approximately \$415,000 compared to the prior year. The largest portion of the District's net assets is the invested in capital assets less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased approximately \$97,000 or 27.9% more than the prior year. The increase was primarily a result of increased revenues in the Management Levy Fund.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or the legal requirements – decreased approximately \$716,000 or 135.6%. This reduction in unrestricted net

assets was a result of the District using carryover fund balance to meet its financial obligations during the year.

Figure A-4 shows the changes in net assets for the year ended June 30, 2008 compared to the year ended June 30, 2007.

Figure A-4 Changes in Net Assets from Operations (Expressed in Thousands)

	Governmental Activities		Business -Type Activity		Total District		Total % Change
	June 30		June 30		June 30		June 30
	2007	2008	2007	2008	2007	2008	2007/2008
Revenue:							
Program revenue							
Charges for services	\$ 644	\$ 584	\$ 139	\$ 164	\$ 783	\$ 748	-4.5%
Operating grants, contributions and restricted interest	975	1,099	189	168	1,164	1,267	8.8%
General revenues:							
Property tax	2,088	2,207	-	-	2,088	2,207	5.7%
Instruction support tax	137	147	-	-	137	147	7.3%
Local option sales tax	453	388	-	-	453	388	-14.3%
Unrestricted state grants	3,167	3,280	-	-	3,167	3,280	3.6%
Other	123	127	1	1	124	128	3.2%
Total Revenue	7,587	7,832	329	333	7,916	8,165	3.1%
Program expenses:							
Instruction	4,900	5,278	-	-	4,900	5,278	7.7%
Support service	2,245	2,457	-	-	2,245	2,457	9.4%
Non-instructional programs	2	3	341	385	343	388	13.1%
Other expenses	435	457	-	-	435	457	5.1%
Total expenses	7,582	8,195	341	385	7,923	8,580	8.3%
Change in net assets	\$ 5	\$ (363)	\$ (12)	\$ (52)	\$ (7)	\$ (415)	5,828.6%

In fiscal 2008, property tax and unrestricted state grants account for 70.1% of the total revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99.7% of the revenue from business type activities.

The District's total revenues were approximately \$8.1 million of which \$7.8 million was for governmental activities and \$.3 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 3.1% increase in revenues and an 8.3% increase in expenses. The unrestricted state grants, property taxes, and operating grants, contributions, and restricted interest increased approximately \$113,000, \$119,000, and \$103,000 respectively. Charges for services and local option sales tax decreased approximately \$35,000 and \$65,000 respectively.

Governmental Activities

Figure A-5 presents the cost of four major district activities: instruction, support services, non-instructional, and other. The table also shows each activity's net cost (total cost less fees generated by activities and intergovernmental aid provided for specific programs.) The net cost shows the financial impact placed on the taxpayers by each function.

Figure A-5 Total and Net Cost of Government Activities (Expressed in Thousands)

	Total Cost of Services			Net Cost of Services		
	2007	2008	% Change 2007-2008	2007	2008	% Change 2007-2008
Instruction	\$4,900	\$5,278	7.714%	\$3,575	\$3,903	9.175%
Support services	2,245	2,457	9.443%	2,194	2,414	10.027%
Non-Instructional	2	3	50.00%	-	1	-
Other	435	457	5.057%	193	196	1.554%
Totals	<u>\$7,582</u>	<u>\$8,195</u>	<u>8.085%</u>	<u>\$5,962</u>	<u>\$6,514</u>	<u>9.259%</u>

- The cost financed by users of the District's programs was \$584,269.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,099,054.
- The net cost of governmental activities was financed with \$2,742,363 in property and other taxes and \$3,280,046 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2008 were \$333,369, representing a 1.3% increase over the prior year, while expenses totaled \$385,067, a 12.8% increase over the prior year. The District's business type activities include the School Nutrition Fund and the Before and After School Program. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, West Sioux Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$459,575, \$573,669 below last year's ending fund balances of \$1,033,244. The primary reason for the decrease in combined fund balances in fiscal 2008 is due to the expenditures related to increases in the negotiated salary and benefits and decline in student enrollment.

Governmental Fund Highlights

- The District's deteriorating General Fund financial position is the result of many factors. However, the increase in revenues was more than offset by the District's increase in General Fund expenditures requiring the District to use carryover fund balance to meet its financial obligations during the year.
- The General Fund balance decreased from \$159,908 to \$(522,801), due in part to the negotiated salary and benefits settlement, existing expenditure commitments of the District and declining enrollment.
- The Physical Plant and Equipment Levy (PPEL) Fund balance increased from \$(57,913) in fiscal 2007 to \$(29,298) in fiscal 2008. Revenues increased and there was no purchase of a new school bus. The District will be monitoring the expenditures in the future in order to improve the financial condition of the fund.

- The Capital Projects Funds balance increased due to the Local Option Sales Tax funds being used to pay the capital loan payments. The District ended fiscal 2007 with \$565,948 in fund balance and ended fiscal 2008 with a fund balance of \$566,810.

Proprietary Fund Highlights

School Nutrition Fund net assets decreased from \$15,055 at June 30, 2007 to \$(33,455) at June 30, 2008, representing decrease of approximately 343.4%. In the prior year the District increased meal prices. Changes in meal price and staff structure should slow the losses incurred.

BUDGETARY HIGHLIGHTS

The District's receipts were \$268,356 less than budgeted receipts. The most significant variance resulted from the District receiving less federal grant funds, less tuition, and other receipts were lower than anticipated.

Total expenditures were more than budgeted, due primarily to additional expense related to increases in the negotiated increases in salaries and benefits provided.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the District had invested \$ 5.7 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of 3.4% from last year. More detailed information about the District's capital assets is presented in Note 6 to the financial statements. Depreciation expense for the year was \$248,659.

The original cost of the District's capital assets was \$10.5 million. Governmental funds account for \$10.3 million, with the remainder of \$.2 million accounted for in the Proprietary, School Nutrition Fund.

Figure A-6 Capital Assets (expressed in thousands)

	Governmental Activities		Business type Activities		Total School District		Total % Change
	June 30		June 30		June 30		June 30
	2007	2008	2007	2008	2007	2008	2007-2008
Land	\$ 51	\$ 51	\$ -	\$ -	\$ 51	\$ 51	0.000%
Buildings & Improvements	5,489	5,313	-	-	5,489	5,313	-3.206%
Furniture & Equipment	338	321	75	66	413	387	-6.295%
Totals	<u>\$5,878</u>	<u>\$5,685</u>	<u>\$ 75</u>	<u>\$ 66</u>	<u>\$5,953</u>	<u>\$5,751</u>	<u>3.393%</u>

Long-Term Debt

At June 30, 2008, the District had \$4,145,000 in general obligation long-term debt outstanding. The District also had an accrued liability of \$114,542 for early retirement benefits. Additional information about the District's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The financial history of the State of Iowa's support for public K-12 schools has translated into restricted levels of state aid funding for education at the local level. Future needs of the district will continue to grow and it is hoped that allowable growth would match the needs of public K-12 education.
- District enrollment has decreased in fiscal year 2007-2008 by 16 students to a budget enrollment of 669.8. Under Iowa's school finance formula, funding is highly dependent upon enrollment. During the 2007-2008 school year, West Sioux students who open enrolled out to other districts decreased by 4 students, from 71 to 67. Because West Sioux is the resident district, the student is counted for state funding, but then funding is paid to the receiving district. Future enrollment stability is a critical element in maintaining a sound financial foundation.
- The District annually negotiates a one-year contract with the West Sioux Education Teacher Association (WSETA). Settlements in excess of "new money" or allowable growth in state funding will have an adverse effect on the District's General Fund budget and related fund balance.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Paula Bartunek, Business Manager at the West Sioux Community School District, 1300 Avenue P, Hawarden, IA 51023 or 712-551-1461.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Primary Government			Component Unit
	Governmental	Business		West Sioux
	Activities	Type	Total	Educational
		Activities		Foundation
ASSETS				
Cash and Temporary Cash Investments	\$ 911,937	\$ 23,719	\$ 935,656	\$ 326,465
Investments	-	-	-	44,354
Receivables:				
Property Tax	42,275	-	42,275	-
Succeeding Year Property Tax	2,442,276	-	2,442,276	-
Accounts	229,037	19,443	248,480	-
Internal Balances	144,128	(144,128)	-	-
Restricted Assets:				
ISCAP Investments	2,018,219	-	2,018,219	-
ISCAP Interest Receivable	8,885	-	8,885	-
Inventories	-	5,188	5,188	-
Land	51,375	-	51,375	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	5,633,541	66,453	5,699,994	-
Total Assets	11,481,673	(29,325)	11,452,348	370,819
LIABILITIES				
Accounts Payable	168,371	-	168,371	-
Salaries and Benefits Payable	655,068	-	655,068	-
Accrued Interest Payable	15,063	-	15,063	-
Unearned Revenue	-	7,318	7,318	-
Deferred Revenue - Succeeding Year Taxes	2,442,276	-	2,442,276	-
ISCAP Unamortized Premium	26,931	-	26,931	-
ISCAP Interest Payable	9,818	-	9,818	-
Noncurrent Liabilities:				
Due Within One Year:				
ISCAP Warrants Payable	2,005,000	-	2,005,000	-
Bonds Payable	335,000	-	335,000	-
Early Retirement Payable	27,241	-	27,241	-
Due in More Than One Year:				
Early Retirement Payable	87,301	-	87,301	-
Bonds Payable	3,810,000	-	3,810,000	-
Total Liabilities	9,582,069	7,318	9,589,387	-
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	1,539,916	66,453	1,606,369	-
Restricted for:				
Debt Service	48,528	-	48,528	-
Management Levy	255,321	-	255,321	-
Other Special Revenue Purposes	141,015	-	141,015	-
Unrestricted	(85,176)	(103,096)	(188,272)	370,819
Total Net Assets	\$ 1,899,604	\$ (36,643)	\$ 1,862,961	\$ 370,819

See Accompanying Notes to Financial Statements

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants Contributions	Capital Grants Contributions
Governmental Activities:				
Instruction:				
Regular Instruction	\$ 2,694,102	\$ 102,273	\$ 447,271	\$ -
Special Instruction	1,796,036	3,856	349,531	-
Other Instruction	788,447	464,516	7,922	-
Support Services:				
Student Services	162,413	10,824	-	-
Instructional Staff Services	486,620	-	-	-
Administration Services	800,327	2,500	-	-
Operation and Maintenance	687,040	300	-	-
Transportation Services	320,644	-	29,142	-
Non-instructional Programs	2,642	-	4,225	-
Other Expenditures:				
Long-term Debt Interest	196,235	-	-	-
AEA Flowthrough	260,963	-	260,963	-
Total governmental activities	<u>8,195,469</u>	<u>584,269</u>	<u>1,099,054</u>	<u>-</u>
Business Type Activities:				
Non-instructional Programs				
Before and After School Program	6,769	3,581	-	-
Food Service Operations	378,298	160,425	167,970	-
Total Business Type Activities	<u>385,067</u>	<u>164,006</u>	<u>167,970</u>	<u>-</u>
Total Primary Government	<u>8,580,536</u>	<u>748,275</u>	<u>1,267,024</u>	<u>-</u>
Component Unit:				
School Education Foundation	<u>\$ 15,255</u>	<u>\$ -</u>	<u>\$ 18,057</u>	<u>\$ -</u>
General Revenues:				
Property Tax Levied For:				
General Purposes				
Debt Service				
Capital Outlay				
Instructional Support Surtax				
Local Option Sales Tax				
Unrestricted State Grants				
Unrestricted Investment Earnings				
Other				
Total general revenues				
Change in net assets				
Net assets - beginning				
Net assets - ending				

See Accompanying Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Assets			Component Unit West Sioux Educational Foundation
Governmental Activities	Business Type Activity	Total	
\$ (2,144,558)		\$ (2,144,558)	
(1,442,649)		(1,442,649)	
(316,009)		(316,009)	
(151,589)		(151,589)	
(486,620)		(486,620)	
(797,827)		(797,827)	
(686,740)		(686,740)	
(291,502)		(291,502)	
1,583		1,583	
(196,235)		(196,235)	
-		-	
<u>(6,512,146)</u>		<u>(6,512,146)</u>	
	\$ (3,188)	(3,188)	
	(49,903)	(49,903)	
	<u>(53,091)</u>	<u>(53,091)</u>	
<u>(6,512,146)</u>	<u>(53,091)</u>	<u>(6,565,237)</u>	
			<u>\$ 2,802</u>
1,942,535	-	1,942,535	-
122,484	-	122,484	-
141,823	-	141,823	-
147,079	-	147,079	-
388,442	-	388,442	-
3,280,046	-	3,280,046	-
79,559	385	79,944	16,387
47,209	1,008	48,217	-
<u>6,149,177</u>	<u>1,393</u>	<u>6,150,570</u>	<u>16,387</u>
(362,969)	(51,698)	(414,667)	19,189
2,262,573	15,055	2,277,628	351,630
<u>\$ 1,899,604</u>	<u>\$ (36,643)</u>	<u>\$ 1,862,961</u>	<u>\$ 370,819</u>

See Accompanying Notes to Financial Statements

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Pooled Investments	\$ 2,761	\$ 500,457	\$ 408,719	\$ 911,937
Receivables:				
Property Tax	34,543	-	7,732	42,275
Succeeding Year Property Tax	1,954,906	-	487,370	2,442,276
Accounts	155,598	66,353	7,086	229,037
Due from Other Funds	119,472	-	108,528	228,000
Restricted Assets:				
ISCAP Investments	2,018,219	-	-	2,018,219
ISCAP Interest Receivable	8,885	-	-	8,885
Total Assets	<u>4,294,384</u>	<u>566,810</u>	<u>1,019,435</u>	<u>5,880,629</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	162,985	-	5,386	168,371
Due to Other Funds	-	-	83,872	83,872
Salaries and Benefits Payable	655,068	-	-	655,068
Early Retirement Payable	-	-	27,241	27,241
Deferred Revenue - Succeeding Year Taxes	1,957,383	-	487,370	2,444,753
ISCAP Unamortized Premium	26,931	-	-	26,931
ISCAP Interest Payable	9,818	-	-	9,818
ISCAP Warrants Payable	2,005,000	-	-	2,005,000
Total Liabilities	<u>4,817,185</u>	<u>-</u>	<u>603,869</u>	<u>5,421,054</u>
Fund Balances:				
Reserved for:				
Debt Service	-	-	48,528	48,528
Unreserved for:				
General Fund	(522,801)	-	-	(522,801)
Special Revenue Fund	-	-	367,038	367,038
Capital Project Fund	-	566,810	-	566,810
Total Fund Balances	<u>(522,801)</u>	<u>566,810</u>	<u>415,566</u>	<u>459,575</u>
Total Liabilities and Equity	<u>\$ 4,294,384</u>	<u>\$ 566,810</u>	<u>\$ 1,019,435</u>	<u>\$ 5,880,629</u>

See Accompanying Notes to Financial Statements

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008**

Amounts reported for Governmental Activities in the Statement of Net assets are different because:

Total Fund Balance - Governmental Funds (page 15)	\$ 459,575
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	5,684,916
Deferred revenues from the balance sheet that provide current financial resources for governmental activities.	2,477
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(15,063)
Long-term liabilities, including bonds payable, lease obligations payable, and early retirement payable are not due and payable in the current period and therefore are not reported in the funds.	<u>(4,232,301)</u>
Total Net Assets - Governmental Activities (page 12)	<u><u>\$ 1,899,604</u></u>

WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUE:				
Local Sources:				
Local Tax	\$ 1,912,010	\$ 388,442	\$ 439,572	\$ 2,740,024
Tuition	100,411	-	-	100,411
Other	136,078	5,969	474,789	616,836
State Sources	3,986,607	-	-	3,986,607
Federal Sources	386,145	-	-	386,145
Total Revenue	6,521,251	394,411	914,361	7,830,023
EXPENDITURES:				
Current:				
Instruction:				
Regular Instruction	2,518,803	-	-	2,518,803
Special Instruction	1,796,036	-	-	1,796,036
Other Instruction	339,123	-	454,668	793,791
Support Services:				
Student Services	162,001	-	-	162,001
Instructional Staff Services	486,620	-	-	486,620
Administration Services	796,236	-	-	796,236
Operation and Maintenance	564,991	-	117,154	682,145
Transportation Services	276,545	-	-	276,545
Non-instructional Programs	2,642	-	-	2,642
Other Expenditures:				
Facilities Acquisition and Construction Services	-	-	23,388	23,388
Long-term Debt:				
Principal	-	-	405,889	405,889
Interest and Fiscal Charges	-	-	198,633	198,633
AEA Flowthrough	260,963	-	-	260,963
Total Expenditures	7,203,960	-	1,199,732	8,403,692
Excess (Deficiency) of Revenues Over Expenditures	(682,709)	394,411	(285,371)	(573,669)
Other Financing Sources (Uses):				
Transfers In	-	-	483,891	483,891
Transfers Out	-	(393,549)	(90,342)	(483,891)
Total Other Financing Sources (Uses)	-	(393,549)	393,549	-
Net Change in Fund Balances	(682,709)	862	108,178	(573,669)
Fund Balances - Beginning of Year	159,908	565,948	307,388	1,033,244
Fund Balances (Deficits) - End of Year	\$ (522,801)	\$ 566,810	\$ 415,566	\$ 459,575

See Accompanying Notes to Financial Statements

WEST SIOUX COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 17)	\$ (573,669)
--	--------------

Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation exceeded Capital outlays in the current year as follows:

Expenditures for capital assets	\$ 58,003	
Depreciation expense	<u>(248,659)</u>	(190,656)

Accrued interest expense that does not require current financial resources.	2,398
---	-------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues.	2,477
---	-------

Governmental funds report the proceeds from the sale of fixed assets as revenue whereas the statement of activities reports the gain on the sale of fixed assets. This is the effect on the change in net assets on the statement of activities.	(2,479)
--	---------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Long term portion of early retirement liability	(6,929)
---	---------

The repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. The principal paid on long-term debt during the current year was as follows:

Bonds payable	\$ 320,000	
Notes payable	50,000	
Lease obligations payable	<u>35,889</u>	<u>405,889</u>

Change in net assets of governmental activities (page 14)	<u>\$ (362,969)</u>
---	---------------------

WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	School Nutrition Fund	Non-Major Before & After School Fund	Total Proprietary Funds
ASSETS			
Current Assets:			
Cash and Pooled Investments	\$ 23,515	\$ 204	\$ 23,719
Accounts Receivable	19,384	59	19,443
Inventories	5,188	-	5,188
Total Current Assets	48,087	263	48,350
Noncurrent Assets:			
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	66,453	-	66,453
Total Noncurrent Assets	66,453	-	66,453
Total Assets	114,540	263	114,803
LIABILITIES			
Current Liabilities:			
Due To Other Funds	140,677	3,451	144,128
Unearned Revenue	7,318	-	7,318
Total Current Liabilities	147,995	3,451	151,446
Total Liabilities	147,995	3,451	151,446
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	66,453	-	66,453
Unrestricted	(99,908)	(3,188)	(103,096)
Total Net Assets	\$ (33,455)	\$ (3,188)	\$ (36,643)

See Accompanying Notes to Financial Statements

WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	School Nutrition Fund	Non-Major Before & After School Fund	Total Proprietary Funds
Operating Revenues:			
Charges for services	\$ 160,425	\$ 3,581	\$ 164,006
Miscellaneous	1,008	-	1,008
Total Operating Revenue	161,433	3,581	165,014
Operating Expenditures:			
Non-Instructional Programs:			
Food Service Operations:			
Salaries	103,699	5,755	109,454
Benefits	53,279	795	54,074
Purchased Services	2,307	-	2,307
Supplies	210,541	219	210,760
Depreciation	8,472	-	8,472
Total Operating Expenses	378,298	6,769	385,067
Operating (Loss)	(216,865)	(3,188)	(220,053)
Non-Operating Revenues :			
Interest Income	385	-	385
State Lunch Reimbursements	3,996	-	3,996
National School Lunch Program	144,482	-	144,482
Federal Food Commodities Received	19,492	-	19,492
Total Non-Operating Revenues	168,355	-	168,355
Change in net assets	(48,510)	(3,188)	(51,698)
Net Assets - beginning	15,055	-	15,055
Net Assets - ending	\$ (33,455)	\$ (3,188)	\$ (36,643)

See Accompanying Notes to Financial Statements

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	School Nutrition Fund	Non-Major Before & After School Fund	Total Proprietary Funds
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 167,497	\$ -	\$ 167,497
Cash received for services	-	3,522	3,522
Cash received from miscellaneous operating activities	1,008	-	1,008
Cash paid to employees for services	(156,978)	(6,550)	(163,528)
Cash paid to suppliers for goods or services	(204,801)	(219)	(205,020)
Total cash (used) by operating activities	(193,274)	(3,247)	(196,521)
Cash flows from noncapital financing activities:			
State grants received	3,996	-	3,996
Federal grants received	140,880	-	140,880
Increase in due from other funds	36,936	3,451	40,387
Total cash provided by noncapital financing activities	181,812	3,451	185,263
Cash flows from investing activities:			
Interest on investments	385	-	385
Net increase (decrease) in cash and cash equivalents	(11,077)	204	(10,873)
Cash and cash equivalents - beginning of year	34,592	-	34,592
Cash and cash equivalents - end of year	23,515	204	23,719
Reconciliation of operating income (loss) to net cash (used) in operating activities:			
Operating (loss)	(216,865)	(3,188)	(220,053)
Adjustments to reconcile net operating (loss) to net cash (used) by operating activities:			
Depreciation expense	8,472	-	8,472
Commodities used	19,492	-	19,492
(Increase) decrease in assets and increase (decrease) in liabilities:			
Accounts Receivable	(246)	(59)	(305)
Purchased Inventories	(1,886)	-	(1,886)
Accounts Payable	(9,559)	-	(9,559)
Unearned Revenue	7,318	-	7,318
Net cash (used) in operating activities	(193,274)	(3,247)	(196,521)
Non-cash investing, capital and financing activities:			
Federal food commodities received	\$ 19,492	\$ -	\$ 19,492

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The West Sioux Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Hawarden and Ireton, Iowa, and predominately agricultural territory in Sioux and Plymouth Counties in Iowa. The district is governed by a Board of Education whose members are elected on a non-partisan basis.

A. Reporting Entity

For financial reporting purposes, West Sioux Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. There is one discretely presented component unit included with this financial report.

Discretely Presented Component Unit

West Sioux Education Foundation - In December of 1988, the District established the West Sioux Educational Foundation by appointing a board of trustees to incorporate a foundation under the Iowa Non-Profit Corporation Act, Iowa Code Chapter 504A. The Foundation devotes itself exclusively to the improvement, aid, and promotion of public programs and projects within the District. The Foundation's financial data as of and for the year ended December 31, 2007 is reported in a separate column to emphasize that it is legally separate from the City. The West Sioux Educational Foundation does not issue separate financial statements.

These financial statements have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) that apply to governmental units. All funds created under the authority of the State Code of Iowa, the operations of which are under the control of the District's governing body, and by financial reporting standards for governmental units are included herewith.

The Governmental Accounting Standards Board is responsible for establishing U.S. GAAP for state and local government through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The District applies only the applicable FASB pronouncements issued prior to November 30, 1989 in accounting and reporting its proprietary operations. The more significant accounting policies established in U.S. GAAP and used by the District are discussed below.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Sioux County Assessor's Conference Board.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements- Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's general, special revenue, debt service and capital project funds are classified as governmental activities. The District's school nutrition and before and after school program funds are classified as a business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The District first uses restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities. The functions are also supported by general government expenses (including depreciation) by related program revenues, operating grants, and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The District does not allocate indirect costs.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

C. Fund Financial Statements

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three types: governmental, proprietary and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column in the fund financial statements. GASB No. 34 sets forth minimum criteria for the determination of major funds. The various funds reported in the financial statements are grouped into fund types as follows:

GOVERNMENTAL FUND TYPES

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities, except those accounted for in proprietary funds, are accounted for through governmental funds. The measurement focus is on determination of financial position and changes in financial position, rather than upon net income determination. The following is a description of the governmental funds of the District.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund accounts for the instructional and most of the support service programs of the District's operations. Revenue of the General Fund consists primarily of local property taxes and state government aid.

Special Revenue Fund – Special Revenue Funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted for specified purposes. Each of the District's Special Revenue Funds has been established to reflect restricted revenue sources provided to school districts by the Iowa State Statutes.

Debt Service Fund – The Debt Service Fund accounts for the accumulation of resources for and the payment of general long-term debt principal and interest.

Capital Projects Fund – Capital Project Funds account for all resources used in the acquisition and construction of capital facilities.

PROPRIETARY FUND TYPES

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. Operating revenues and expenses are distinguished from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of enterprise funds are charges to customers for services. Operating expenses consist of cost of sales and services, administrative expenses and depreciation on capital assets. The U.S. generally accepted accounting principles used are those applicable to similar businesses in the private sector.

Enterprise Funds – Enterprise Funds are used to account for operations: (a) which are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The District reports the following major governmental funds:

General Fund – See the description on the previous page. The General Fund is always considered to be a major fund.

Capital Projects – To account for the collection of a 1% school local sales and services tax to be expended for school infrastructure needs and property tax relief, as well as funds for the construction of the school's new track.

The District reports the following major enterprise fund:

School Nutrition – Accounts for the food service operations of the District.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting/Measurement Focus

The government-wide and proprietary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financial sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

E. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa School Cash Anticipation Program which is valued at amortized cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2007.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of \$5,000 for governmental capital assets and \$500 for school nutrition capital assets.

Capital Assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end, excluding grant receivables.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

F. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, expenditures in the instruction, support services and other expenditures functional areas exceeded the amounts budgeted.

NOTE 2 – CASH AND POOLED INVESTMENTS

The District's deposits in banks at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies, certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2008, the District had investments in the Iowa School Cash Anticipation Program as follows:

	Fair Value	Credit Risk
Guaranteed Interest Contract	\$ 2,018,219	Not Rated

At December 31, 2007, the discretely presented component unit had the following investments:

	Fair Value	Credit Risk
Mutual Fund – AIM Investments	\$ 6,523	★★
Mutual Fund – Oppenheimer Investments	13,434	★★
Mutual Fund – Mainstay Investments	9,397	★★★★
	<u>\$ 29,354</u>	

These credit ratings were obtained from Morningstar.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 2 – CASH AND POOLED INVESTMENTS (CONTINUED)

	Par Value	Credit Risk
U.S. Treasury Note	\$ 15,000	Not Rated

NOTE 3 – INTERFUND TRANSFERS

The detail of short-term interfund transfers for the year ended June 30, 2008 is as follows:

Transfer To	Transfer From	Amount
Non-Major Governmental Fund	Non-Major Governmental Fund	\$ 90,342
Non-Major Governmental Fund	Capital Project	393,549
Total		<u>\$ 483,891</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

NOTE 4 – DUE FROM AND DUE TO OTHER FUNDS

The detail of short-term interfund receivables and payables at June 30, 2008 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Non-Major Governmental Fund	\$ 83,872
General Fund	School Nutrition Fund	140,677
General Fund	Non-Major Enterprise Fund	3,451
Non-Major Governmental Fund	General Fund	108,528
		<u>\$ 336,528</u>

The School Nutrition Fund is repaying the General Fund for payroll for School Nutrition that is paid out of the General Fund. The Debt Service Fund is repaying General Fund for money advanced for debt payment. The Physical Plant and Equipment fund is repaying the General Fund for money advanced for the purchase of a bus. The Before & After School Fund is repaying the General Fund for advanced start-up costs. The General Fund is repaying the Management Fund to cover a negative cash balance.

NOTE 5 – IOWA SCHOOL CASH ANTICIPATION PROGRAM (ISCAP)

The District participates in the Iowa School Cash Anticipation (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semi-annual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semi-annual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP at June 30, 2008 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2008-09A	6/26/08	6/25/09	\$ 1,384,190	\$ 525	\$ 1,373,000	\$ 404
2007-08B	1/23/08	1/23/09	634,029	8,360	632,000	9,414
			<u>\$ 2,018,219</u>	<u>\$ 8,885</u>	<u>\$ 2,005,000</u>	<u>\$ 9,818</u>

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 5 – IOWA SCHOOL CASH ANTICIPATION PROGRAM (ISCAP) (CONTINUED)

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2008 is as follows:

Series	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2007-08A	\$ -	\$ 700,000	\$ 700,000	\$ -
2007-08B	-	350,000	350,000	-
	<u>\$ -</u>	<u>\$ 1,050,000</u>	<u>\$ 1,050,000</u>	<u>\$ -</u>

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2007-08B	3.75%	3.451%
2008-09A	3.5%	3.469%

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 51,375	\$ -	\$ -	\$ 51,375
Total capital assets not being depreciated	<u>51,375</u>	<u>-</u>	<u>-</u>	<u>51,375</u>
Capital assets being depreciated:				
Buildings	8,888,943	5,517	-	8,894,460
Improvements other than buildings	368,892	-	-	368,892
Furniture and equipment	949,720	52,486	7,000	995,205
Total capital assets being depreciated	<u>10,207,555</u>	<u>58,003</u>	<u>7,000</u>	<u>10,258,558</u>
Less: Accumulated Depreciation for:				
Buildings & Improvements	3,769,036	181,496	-	3,950,932
Furniture and equipment	611,843	67,163	4,521	674,485
Total Accumulated Depreciation	<u>4,380,879</u>	<u>248,659</u>	<u>4,521</u>	<u>4,625,017</u>
Total capital assets being depreciated, net	<u>5,826,676</u>	<u>(190,656)</u>	<u>2,479</u>	<u>5,633,541</u>
Governmental activities capital assets, net	<u>\$ 5,878,051</u>	<u>\$ (190,656)</u>	<u>\$ 2,479</u>	<u>\$ 5,684,916</u>

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 6 – CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Business-type Activity:				
Furniture and equipment	\$ 153,665	\$ -	\$ -	\$ 153,665
Less: Accumulated Depreciation	78,741	8,471	-	87,212
Business-type activity capital assets, net	<u>\$ 74,924</u>	<u>\$ (8,471)</u>	<u>\$ -</u>	<u>\$ 66,453</u>

Depreciation expense was charged to the functions as follows:

Governmental Activity:	
Regular Instruction	\$ 168,370
Other Instruction	21,104
Student Services	412
Administration Services	4,091
Operation and Maintenance	10,583
Transportation Services	44,099
	<u>\$ 248,659</u>
Total depreciation expense – governmental activities	
	<u>\$ 248,659</u>
Business-type activity:	
Food Service Operations	<u>\$ 8,472</u>

The discretely presented component unit had no capital assets as December 31, 2007.

Reconciliation of Invested in Capital Assets:

	Governmental Activities	Business- Type Activities
Land	\$ 51,375	\$ -
Capital Assets (net of accumulated depreciation)	5,633,541	66,453
Less: Bonds Payable	(4,145,000)	-
Invested in Capital Assets, Net of Related Debt	<u>\$ 1,539,916</u>	<u>\$ 66,453</u>

NOTE 7 – LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2008 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligations Bonds	\$ 4,465,000	\$ -	\$ 320,000	\$ 4,145,000	\$ 335,000
Notes Payable	50,000	-	50,000	-	-
Lease Obligations	35,889	-	35,889	-	-
Early Retirement	104,203	32,760	22,421	114,542	27,241
Governmental Activities Long-Term Liabilities	<u>\$ 4,655,092</u>	<u>\$ 32,760</u>	<u>\$ 428,310</u>	<u>\$ 4,259,542</u>	<u>\$ 362,241</u>

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and projects. General obligation bonds have been issued for governmental activities. These bonds are direct obligations and pledge the full faith and credit of the District.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

General obligation bonds as of June 30, 2008 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amounts</u>
Governmental Activities – 1998 Series A	4.00-4.50%	<u>\$ 4,145,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 335,000	\$ 180,760
2010	350,000	166,858
2011	365,000	152,157
2012	380,000	136,645
2013	400,000	120,305
2014-2018	2,315,000	321,140
Total	<u>\$ 4,145,000</u>	<u>\$ 1,077,865</u>

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Teachers and administrators who are at least 55 years of age and who have 15 years of continuous service with the District are eligible for Board approved early retirement compensation. Employees making application for early retirement will be allowed to remain on the group's health insurance plan at a rate of \$455 per month for individual coverage paid for by the District to end when the employee is Medicare eligible. Those who retired prior to the most recent plan revision will have the entire premium amount paid by the District, which for fiscal year 2009 will be \$480 per month. Early retirement benefits paid during the year ended June 30, 2008, totaled \$23,831 for the six current recipients. The cost of early retirement payments liquidated within the next accounting cycle is recorded as a liability of the Special Revenue, Management Levy Fund, in the fund financial statements. The non-current portion of the early retirement liability is recorded in the government-wide financial statements.

NOTE 8 – PENSION AND RETIREMENT BENEFITS

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits that are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.90%, 3.70%, and 3.70% of their annual covered salary and the District is required to contribute 6.05%, 5.75%, and 5.75% of annual covered payroll for the years ended June 30, 2008, 2007, and 2006 respectively. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2008, 2007, and 2006 were \$253,216, \$219,455, and \$192,902 respectively, equal to the required contributions for each year.

NOTE 9 – RISK MANAGEMENT

West Sioux Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 10 – AREA EDUCATION AGENCY

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$260,963 for the year ended June 30, 2008 and is recorded in the General Fund.

NOTE 11 – DEFICIT FUND BALANCE

As of June 30, 2008, the following funds had deficit fund balances in the amount shown:

General	\$ (522,801)
Special Revenue:	
PPEL	(29,298)
Business Type Activities:	
School Nutrition Fund	(33,455)
Before & After School Fund	(3,188)
	<u>\$ (588,742)</u>

The deficits will be funded through future property tax revenue and additional charges for services.

NOTE 12 – SUBSEQUENT EVENT

On September 19, 2008, the District signed a contract with HW Design Build of Iowa for \$324,976 to remodel the Ireton building.

On December 9, 2008, the District issued \$200,000 in School Infrastructure Sales, Services and Use Tax Revenue Anticipation Notes, Series 2008 with an interest rate of 1.90%. The notes will be spent on the building addition to the existing school building in Ireton.

On April 1, 2009, the District issued General Obligation School Refunding Bonds, Series 2009 in the amount of \$3,850,000 maturing June 1, 2018, with an average interest rate of 2.93%. The purpose of the bonds is to retire \$3,810,000 in General Obligation Bonds, Series 1998A maturing June 1, 2018.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN BALANCES
BUDGET AND ACTUAL, ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		Governmental	Proprietary	Total	Final to
	Original	Amended	Funds	Funds	Actual	Actual
			Actual	Actual		Variance
REVENUE:						
Local Sources:						
Local Tax	\$ 2,323,822	\$ 2,323,822	\$ 2,740,024	\$ -	\$ 2,740,024	\$ 416,202
Tuition	210,000	210,000	100,411	-	100,411	(109,589)
Other	1,188,049	1,188,049	616,836	165,399	782,235	(405,814)
State Sources	3,976,877	3,976,877	3,986,607	3,996	3,990,603	13,726
Federal Sources	733,000	733,000	386,145	163,974	550,119	(182,881)
Total Revenue	8,431,748	8,431,748	7,830,023	333,369	8,163,392	(268,356)
EXPENDITURES/EXPENSES:						
Current:						
Instruction	5,043,439	5,043,439	5,108,630	-	5,108,630	(65,191)
Support Services	1,965,000	1,965,000	2,403,547	-	2,403,547	(438,547)
Non-instructional Programs	481,000	481,000	2,642	385,067	387,709	93,291
Other Expenditures	875,521	875,521	888,873	-	888,873	(13,352)
Total Expenditures/Expenses	8,364,960	8,364,960	8,403,692	385,067	8,788,759	(423,799)
Excess (Deficiency) of Revenues Over Expenditures/Expenses	66,788	66,788	(573,669)	(51,698)	(625,367)	(692,155)
Other Financing Sources (Uses):						
Transfers In	508,591	508,591	483,891	-	483,891	(24,700)
Transfers Out	(508,591)	(508,591)	(483,891)	-	(483,891)	24,700
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Net Change in Fund Balances	66,788	66,788	(573,669)	(51,698)	(625,367)	(692,155)
Fund Balances - Beginning of Year	1,048,299	1,048,299	1,033,244	15,055	1,048,299	-
Fund Balances (Deficits) - End of Year	\$ 1,115,087	\$ 1,115,087	\$ 459,575	\$ (36,643)	\$ 422,932	\$ (692,155)

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2008

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional area level, not at the fund or fund type level. This level of control is at a level higher than the individual fund. It is necessary, therefore, to aggregate the expenditures of governmental fund types with expenses of proprietary fund types on a functional area basis and to compare such functional area totals to functional area budgeted totals in order to demonstrate legal compliance with budget. The Code of Iowa also provides that District disbursements in the General Fund may not exceed the amount authorized by the school finance formula. During the year ended June 30, 2008, the District had no budget amendments.

During the year ended June 30, 2008, expenditures in the Instruction, Support Services, and Other Expenditures functions exceeded the amounts budgeted.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

Schedule 1

REVENUES:

Local Sources:

Local Tax:

Property Tax	\$ 1,723,982
Mobile Home Tax	1,382
Utility Tax Replacement Excise Tax	39,567
Instructional Support Levy	147,079
	<u>1,912,010</u>

Other Local Sources:

Interest on Investments	60,138
Tuition from Individuals	7,625
Tuition from Other Districts	92,786
Rent	300
Miscellaneous	75,640
	<u>236,489</u>
	<u>2,148,499</u>

State Sources:

State Foundation Aid	3,260,017
Instructional Support State Aid	18,692
Educational Excellence Program:	
Phase I	37,013
Phase II	59,237
Non-Public Transportation Aid	29,142
Non-Public Textbook and Technology Aid	1,060
Teacher Compensation	250,850
AEA Flow-Through	260,963
Iowa Early Intervention Block Grant	44,923
Other State Aid	24,710
	<u>3,986,607</u>

Federal Sources:

Title I Grants to Local Educational Agencies	86,569
Safe and Drug-Free Schools and Communities-States Grants	4,225
Special Education - Grants to States	41,788
Improving Teacher Quality State Grants	25,710
Medicaid	139,940
Other	87,913
	<u>386,145</u>

Total Revenue

\$ 6,521,251

Continued

WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

Schedule 1 (Continued)

EXPENDITURES:

Instruction:

Regular Instruction:

Salaries	\$ 1,651,442
Benefits	449,886
Services	356,140
Supplies	54,812
Other	6,523
	<u>2,518,803</u>

Special Education Instruction:

Salaries	1,044,567
Benefits	347,269
Services	303,015
Supplies	67,823
Property	24,857
Other	8,505
	<u>1,796,036</u>

Vocational Instruction:

Salaries	152,285
Benefits	39,322
Supplies	7,579
	<u>199,186</u>

Co-curricular Instruction:

Salaries	118,360
Benefits	15,252
Supplies	6,325
	<u>139,937</u>

Total Instruction

4,653,962

Support Services:

Student Services:

Guidance Services:

Salaries	86,603
Benefits	23,384
Services	2,596
Supplies	674
Other	20
	<u>113,277</u>

Health Services:

Salaries	28,809
Benefits	5,818
Supplies	14,047
Other	50
	<u>48,724</u>

Total Student Services

\$ 162,001

Continued

WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

Schedule 1 (Continued)

Support Services:

Instructional Staff Services:

Improvement of Instruction Services:

Salaries	\$ 197,018
Benefits	26,874
Services	360
Supplies	79,564
Property	68,025
	<u>371,841</u>

Educational Media Services:

Salaries	78,090
Benefits	27,857
Supplies	8,832
	<u>114,779</u>

Total Instructional Staff Services

486,620

Support Services:

Administration Services:

Executive Administration:

Salaries	129,938
Benefits	40,186
Services	3,617
Supplies	2,831
Property	1,748
Other	2,682
	<u>181,002</u>

School Administration:

Salaries	229,594
Benefits	88,886
Services	867
Supplies	393
Other	2,016
	<u>321,756</u>

Business Administration:

Salaries	99,622
Benefits	30,561
Services	53,918
Supplies	8,590

Iowa School Cash Anticipation Program:

Interest	50,372
Other	1,380
	<u>244,443</u>

Board of Education:

Services	42,372
Supplies	3,572
Other	3,091
	<u>49,035</u>

Total Administration Services:

\$ 796,236

Continued

WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

Schedule 1 (Continued)

Support Services:	
Plant Operation and Maintenance:	
Salaries	\$ 185,532
Benefits	48,207
Services	89,307
Supplies	239,490
Property	2,406
Other	49
	<u>564,991</u>
Support Services:	
Student Transportation:	
Salaries	128,812
Benefits	23,939
Services	48,539
Supplies	73,469
Other	1,786
	<u>276,545</u>
Total Support Services	<u>2,286,393</u>
Non-instructional Programs:	
Community Services:	
Services	581
Supplies	2,061
	<u>2,642</u>
Other Expenditures:	
AEA Flow-Through	<u>260,963</u>
Total Expenditures	<u>7,203,960</u>
(Deficiency) of Revenues Over Expenditures	<u>(682,709)</u>
Fund Balance - Beginning of Year	<u>159,908</u>
Fund Balance (deficit) - End of Year	<u>\$ (522,801)</u>

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008**

Schedule 2

Special Revenue Funds					
	Student Activity	Management Levy	PPEL Fund	Debt Service	Total
ASSETS					
Cash and Pooled Investments	\$ 139,255	\$ 170,910	\$ 46,433	\$ 52,121	\$ 408,719
Receivables:					
Property Tax	-	3,184	2,441	2,107	7,732
Succeeding Year Property Tax	-	150,000	245,673	91,697	487,370
Accounts	7,086	-	-	-	7,086
Due from Other Funds	-	108,528	-	-	108,528
Total Assets	146,341	432,622	294,547	145,925	1,019,435
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	5,326	60	-	-	5,386
Due to Other Funds	-	-	78,172	5,700	83,872
Early Retirement Payable	-	27,241	-	-	27,241
Deferred Revenue - Succeeding Year					
Property Taxes	-	150,000	245,673	91,697	487,370
Total Liabilities	5,326	177,301	323,845	97,397	603,869
Fund Balances (Deficits)					
Reserved for:					
Debt Service	-	-	-	48,528	48,528
Unreserved for:					
Special Revenue Fund	141,015	255,321	(29,298)	-	367,038
Total Fund Balances (Deficit)	141,015	255,321	(29,298)	48,528	415,566
Total Liabilities and Equity	\$ 146,341	\$ 432,622	\$ 294,547	\$ 145,925	\$ 1,019,435

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

Schedule 3

	<u>Special Revenue Funds</u>				
	Student Activity	Management Levy	PPEL Fund	Debt Service	Total
REVENUE:					
Local Sources:					
Local Tax	\$ -	\$ 175,265	\$ 141,823	\$ 122,484	\$ 439,572
Other	461,475	12,345	522	447	474,789
Total Revenue	461,475	187,610	142,345	122,931	914,361
EXPENDITURES:					
Current:					
Instruction:					
Other Instruction	454,668	-	-	-	454,668
Support Services:					
Operation and Maintenance	-	117,154	-	-	117,154
Other Expenditures:					
Facilities Acquisition and Construction	-	-	23,388	-	23,388
Long-term Debt:					
Principal	-	-	-	405,889	405,889
Interest and Fiscal Charges	-	-	-	198,633	198,633
Total Expenditures	454,668	117,154	23,388	604,522	1,199,732
Excess(Deficiency) of Revenues Over Expenditures	6,807	70,456	118,957	(481,591)	(285,371)
Other Financing Sources (Uses):					
Transfers In	-	-	-	483,891	483,891
Transfers Out	-	-	(90,342)	-	(90,342)
Total Other Financing Sources (Uses)	-	-	(90,342)	483,891	393,549
Net Change in Fund Balances	6,807	70,456	28,615	2,300	108,178
Fund Balances (Deficits) - Beginning of Year	134,208	184,865	(57,913)	46,228	307,388
Fund Balances (Deficits) - End of Year	\$ 141,015	\$ 255,321	\$ (29,298)	\$ 48,528	\$ 415,566

WEST SIOUX COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2008

				Schedule 4
	Balance June 30, 2007	Revenues	Expenditures	Balance June 30, 2008
HIGH SCHOOL				
Adult Education	\$ 28	\$ -	\$ 24	\$ 4
Clearing Account	259	35,473	34,863	869
Annual	3,134	3,398	6,474	58
Newspaper-Falcon Banner	1,754	3,057	2,818	1,993
Drama Club	2,695	1,835	1,273	3,257
Drill Team	4,375	4,348	4,519	4,204
Materials for Resale	5,957	8,438	7,098	7,297
Vocal Music Group	775	1,958	1,205	1,528
Band	127	1,849	1,724	252
High School Athletics	2,383	21,974	17,017	7,340
Concession Supplies	5,429	40,395	36,795	9,029
Future Farmers of America	6,826	5,828	4,279	8,375
Library Club	2,339	179	1,589	929
Student Council	11,148	11,000	10,120	12,028
Letterpersons' Club	202	366	568	-
Cheerleaders	3,348	4,965	4,998	3,315
HS Student Newspaper	51	1,451	1,427	75
Class of 2006	89	-	-	89
Class of 2007	675	-	-	675
Class of 2008	400	580	564	416
Class of 2009	1,628	1,090	20	2,698
Class of 2010	870	785	-	1,655
Class of 2011	-	720	35	685
Employee Fundraiser	237	1,240	1,462	15
High School Art Club	208	-	-	208
National Honor Society	751	2,832	2,909	674
Volleyball Fundraiser	2,086	11,498	12,431	1,153
Softball Fundraiser	786	6,320	5,033	2,073
Boys Basketball Fundraiser	-	11,702	11,347	355
High School Miscellaneous Accounts	5,104	16,829	18,046	3,887
Football Fundraiser	6,513	50,774	52,333	4,954
Boy Baseball Fundraiser	360	11,037	10,126	1,271
Girls Basketball Fundraiser	2,121	10,022	9,957	2,186
Cross Country Fundraiser	3,004	2,180	1,977	3,207
District Activities Fee	2,284	5,554	7,838	-
Wrestling Fundraiser	574	19,979	19,410	1,143
Track Fundraiser	676	5,943	5,608	1,011
Track Resurface Project	100	-	-	100
Prom Fund	4,880	10,441	14,356	965
Math Center Fundraiser	284	-	21	263
Falcon Joe's Coffee Shop	6,627	8,632	2,286	12,973
Recycle Fund	133	-	-	133
FCA	310	490	548	252
Speech	45	3,146	2,685	506
Quiz Bowl	684	320	289	715
Interest	4,726	3,930	6,268	2,388
Golf	4	545	545	4
Soccer	83	7,574	6,810	847
Washington, D.C. Trips	3,025	63,907	70,699	(3,767)
High School Total	\$ 100,097	\$ 404,584	\$ 400,394	\$ 104,287

(Continued)

WEST SIOUX COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

				Schedule 4
	Balance June 30, 2007	Revenues	Expenditures	Balance June 30, 2008
MIDDLE SCHOOL				
Clearing Account	\$ -	\$ -	\$ 18,096	\$ (18,096)
General	709	7,656	7,656	709
Pop	3,409	8,324	5,651	6,082
Magazines	5,406	12,832	4,739	13,499
Candy Sales	3,207	4,382	311	7,278
Pictures	1,325	1,621	-	2,946
Athletics	858	4,732	4,732	858
Interest	387	648	606	429
Assignment Notebooks	20	462	462	20
Student Participations	2,328	3,488	2,451	3,365
History Fair Account	2,131	2,131	-	4,262
Middle School Total	19,780	46,276	44,704	21,352
IRETON ELEMENTARY				
Revolving	2,437	624	408	2,653
Kindergarten Milk	550	-	-	550
Pictures	2,172	258	-	2,430
Book Rent	27	-	-	27
Book Fairs	784	2,089	1,891	982
Book Fines	140	8	-	148
Pop Fund	76	-	-	76
Ireton Elementary Total	6,186	2,979	2,299	6,866
HAWARDEN ELEMENTARY				
Miscellaneous	860	1,345	1,250	955
Pop	2,257	698	736	2,219
Picture	839	368	198	1,009
Book Fair	1,035	3,263	3,729	569
Library Fines	40	49	-	89
Assignment Notebooks	67	210	143	134
Interest	326	95	60	361
Computer Camp	953	853	879	927
Donations for School Supplies	95	-	-	95
Student Council	106	125	-	231
Box Tops for Education	1,567	630	276	1,921
Hawarden Elementary Total	8,145	7,636	7,271	8,510
Grand Totals	\$ 134,208	\$ 461,475	\$ 454,668	\$ 141,015

WEST SIOUX COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE YEARS ENDED JUNE 30, 2008, 2007, 2006, 2005

Schedule 5

	Modified Accrual Basis of Accounting			
	2008	2007	2006	2005
Revenues:				
Local Sources:				
Local Tax	\$ 2,740,024	\$ 2,677,428	\$ 2,539,452	\$ 3,230,943
Tuition	100,411	148,739	159,940	144,066
Other	616,836	627,245	828,216	753,478
State Sources	3,986,607	3,753,054	3,507,196	3,111,365
Federal Sources	386,145	380,096	467,033	437,105
Total	<u>7,830,023</u>	<u>7,586,562</u>	<u>7,501,837</u>	<u>7,676,957</u>
Expenditures:				
Instruction:				
Regular	2,518,803	2,510,548	2,329,155	2,422,967
Special	1,796,036	1,492,013	1,404,660	855,679
Other	793,791	740,657	695,246	766,328
Support Services:				
Student	162,001	199,534	172,959	140,337
Instructional Staff	486,620	374,433	261,151	245,256
Administration	796,236	727,603	666,787	554,151
Operation and maintenance of plant	682,145	681,095	615,744	652,862
Transportation	276,545	302,274	242,222	209,482
Non-instructional programs	2,642	1,561	308,456	298,995
Other Expenditures:				
Facilities Acquisition	23,388	11,090	263,963	111,095
Long-term debt:				
Principal	405,889	388,792	-	-
Interest and other charges	198,633	215,618	231,007	246,101
AEA Flowthrough	260,963	242,252	234,214	224,482
Total	<u>\$ 8,403,692</u>	<u>\$ 7,887,470</u>	<u>\$ 7,425,564</u>	<u>\$ 6,727,735</u>

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2008

Schedule 6

Part I: Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

There were no prior year audit findings.

SIGNIFICANT DEFICIENCIES:

II-A-08 Financial Accounting – Segregation of Duties

Observation – One important aspect of internal control is the segregation of duties among employees to prevent an individual from handling duties, which are incompatible. Incompatible duties, for accounting control purposes, are those duties that place a person in a position where they could both perpetuate and conceal errors or fraud. In performing our audit, we noted that one person has primary responsibility for many accounting and financial duties of the District.

Recommendation – The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Education and Superintendent remain actively involved in the financial affairs of the District to provide oversight and review functions. In addition, the District should periodically review the operating procedures and make changes as necessary to obtain the maximum internal control under the circumstances.

Response – District administration understands the nature of the weakness and the necessity for the Board and Superintendent to provide oversight and review functions. We will continue to review procedures of the District and make changes as deemed necessary and practical.

Conclusion – Response accepted.

II-B-08 Financial Reporting

Observation – During the audit, we identified material amounts of receivables, payables and capital asset additions not recorded in the District's financial statements. Adjustments were subsequently made by the District to properly include these amounts in the financial statements.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2008

Schedule 6 (Continued)

Part II: Findings Related to the Financial Statements (Continued):

Recommendation – The District should implement procedures to ensure all receivables, payables and capital asset additions are identified and included in the District's financial statements.

Response – We will double check these in the future to avoid missing any receivables, payables or capital asset transactions.

Conclusion – Response accepted.

II-C-08 Fixed Asset Management

Comment – During the course of the audit fieldwork and report preparation, it became evident that the accounting procedures and controls as related to fixed assets were not adequate. It was found that there were large variances between the fixed asset records kept by the school and those compiled by an outside third party. In general, it appeared the District's fixed asset procedures were not adequate.

Recommendations – The District should implement procedures to ensure all fixed asset activity is properly captured in the District's financial statements. This process will primarily need to be handled by District staff as all asset additions and deletions will need to be documented and reported to the proper individual, so the fixed asset listing is accurate, whether maintained by the District or a third party.

Response – District administration understands the weakness in this area and will review the procedures to ensure assets are properly reported.

Conclusion – Response Accepted

Part III: Other Findings Related to Statutory Reporting:

III-A-08 Certified Budget – Disbursements for the year ended June 30, 2008 exceed the amounts budgeted in the instruction, support services, and other expenditures functions.

Recommendation – The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response – In future years if it appears expenditures may exceed the certified budget, a budget amendment will be approved.

Conclusion – Response accepted.

III-B-08 Questionable Disbursements – No disbursements were noted that they may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2008

Schedule 6 (Continued)

Part III: Other Findings Related to Statutory Reporting (Continued):

III-C-08 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

III-D-08 Business Transactions – Business transactions between the District and District officials are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction/ Description</u>	<u>Amount</u>
Scott Vreeman, Employee's Spouse Owner of Siouxland Propane	Fuel/Repairs	\$ 51,083
Mary Johnson, District Employee Owner of Truesdell Oil Company	Gas/Fuel	\$ 56,436

In accordance with an Attorney General's opinion dated November 9, 1976, the above transactions do not appear to represent a conflict of interest as the transactions were competitively bid.

III-E-08 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

III-F-08 Board Minutes – No transactions requiring Board approval that had not been approved by the Board were noted.

III-G-08 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

III-H-08 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

III-I-08 Certified Annual Report – The Certified Annual Report was filed timely with the Department of Education.

III-J-08 Deficit Balances – The Physical Plant and Equipment Fund, General Fund, School Nutrition Fund, and Before & After School Fund had deficit fund balances at June 30, 2008. Two student activity accounts also had deficit balances at June 30, 2008.

Recommendation – The District should continue to investigate alternatives to eliminate these deficits in order to return these accounts to a sound financial condition.

Response – The District will closely monitor expenditures during the year in hopes of eliminating the deficits in these funds and student activity accounts at the end of the fiscal year.

Conclusion – Response accepted.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Education of the
West Sioux Community School District

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of WEST SIOUX COMMUNITY SCHOOL DISTRICT as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated May 7, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting:

In planning and performing our audit, we considered the West Sioux School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the West Sioux School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the West Sioux School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the West Sioux School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the West Sioux School District's financial statements that is more than inconsequential will not be prevented or detected by the West Sioux School District's internal control. We consider the deficiencies in internal control described in the accompanying Schedule of Findings as items II-A-08, II-B-08 and II-C-08 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the West Sioux School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control

that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiencies described above are material weaknesses.

Compliance:

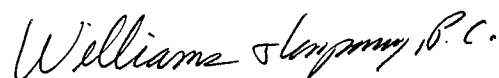
As part of obtaining reasonable assurance about whether the West Sioux Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have all been resolved.

The West Sioux School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit the West Sioux School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the board of education, management, employees and citizens of West Sioux Community School District and other parties to whom the West Sioux Community School District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of West Sioux Community School District during the course of our audit. If you have any questions concerning any of the above matters, we would be pleased to discuss them with you at your convenience.


Certified Public Accountants

Le Mars, Iowa
May 7, 2009